

# CHALLENGE FOUNDATION ACADEMY

## 2011-2012 Performance Analysis

### *Core Question 2: Is the organization effective and well-run?*

2.1. Is the school in sound fiscal health?	
STANDARD	The school presents significant concerns in no more than <u>one</u> of the following areas: a) its state financial audits (e.g., presence of “significant findings”); b) its financial staffing and systems; c) its success in achieving a balanced budget over the past three years; d) the adequacy of its projections of revenues and expenses for the next three years; e) its fulfillment of financial reporting requirements under Sections 10 and 17 of the charter agreement. In addition, if the school presents significant concerns in one area, it has a credible plan for addressing the concern that has been approved by the Mayor’s Office.

2011-12 Performance: **Meets Standard**

#### **A) The School’s Financial Audits (e.g. presence of “significant findings”)**

Challenge Foundation Academy (CFA) received a clean audit opinion. Their audit contained no material weaknesses or significant deficiencies. Sikich, the school’s auditors, stated, “In our opinion, the financial statements...present fairly, in all material respects”. As result, our office has no concerns at this time.

While the audit did not contain any material weaknesses or significant deficiencies, the auditors did note some challenges in internal controls. The auditors stated, “The internal controls established by the School Corporation required that receipts be deposited weekly or daily, if a large amount of money was on hand. For the receipts and deposits tested, we noted that some receipts were not deposited daily”. The school agreed with the concern and now has policies in place to ensure deposits are made no later than every other business day. This policy was brought up in the exit conference with Sikich, LLP, and they agree it should meet the SBOA requirements.

Given that there were no significant deficiencies or material weaknesses, our office has no concerns at this time.

#### **B) The School’s Financial Staffing and Systems**

The school has established adequate staffing and systems for managing its finances. The school’s staff includes Evan Hawkins, Director of Operations; Anne Brown, Office Manager; Charlie Schlegel, School Leader; and Kelly Herron, Assistant School Leader/School Leader. Charlie Schlegel served as School Leader from 7/1/11 to 1/31/12 with Kelly Herron replacing him

effective 2/1/12. Kelly was largely responsible for construction of the 2011-12 school year budget.

**C) The School's Success in Achieving a Balanced Budget Over the Past Three Years**

The school has successfully maintained a balanced budget for the last three years. According to the school's audited financial statements, Challenge Foundation Academy had a positive change in net assets of \$227,580 and an ending balance of \$3,320,966 for FY '12. Based on financial statements prepared by Bookkeeping Plus, Inc. for FY '11, the school ended the year with a change in net assets of \$779,256. Statements prepared by Bookkeeping Plus, Inc. for FY '10 indicate that the school's change in net assets was \$420,509.60. As a result of the schools ability to consistently generate a positive change in net assets, our office has no concerns at this time.

**D) The Adequacy of the School's Projections of Revenues for the Next Three Years**

The table below indicates the projected change in net assets and anticipated ending balance for the next 3 years.

<b>Year</b>	<b>Change in Net Assets</b>	<b>Anticipated Ending Balance</b>
FY 13	\$65,185	\$481,811
FY 14	-\$33,500	\$448,311
FY 15	-\$140,892	\$307,419

While our office does have some concerns about the projection of a negative change in assets for both FY '14 and FY '15, the school budgets conservatively. With the exception of basic tuition support, the school does not include any donations or grants that it may receive in the future. This means provided that CFA meets its enrollment target and expenses do not exceed those in the projections, the school could break even or end the years with a positive change in net assets if the school receives grants or donations equal or greater to \$33,500 in 2014 and \$140,892 in 2015. It is conceivable that the school could have this level of contributions. According to the school's audit, contributions and donations for FY '12 amounted to \$147,185. Our office will continue to monitor the school closely to ensure that they are fiscally sound.

**E) The School's Fulfillment of Financial Reporting Requirements under Sections 10 and 17 of the Charter Agreement**

The school has fulfilled financial reporting requirements under Sections 10 and 17 of the charter agreement.

**2.2. Are the school's student enrollment, attendance, and retention rates strong?**

<b>STANDARD</b>	<b>The school is consistently fully enrolled. Student attendance and retention rates are generally at or above the school's agreed-upon target rates.</b>
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**2011-12 Performance: Exceeds Standard**

CFA exceeds its enrollment target for 2011-12. The following chart displays the school's target enrollment compared with its official fall enrollment, as reported by the IDOE.

<b>Year</b>	<b>Target Enrollment</b>	<b>Fall Enrollment</b>	<b>Percent Below</b>
2011-12	468	474	N/A

**Source:** Official fall enrollment figures from the IDOE. Target enrollment is the maximum capacity from the school's charter agreement with the Mayor's Office, submitted by the school.

The 2011-12 attendance rate for CFA is greater than the state and county.

	<b>CFA</b>	<b>MC</b>	<b>IN</b>
<b>2011-12 Attendance rate</b>	97%	96.06%	96.1%

No targets have been established for student retention rates for CFA.

Based on the 2011-12 performance, CFA exceeds the Mayor's Office standard for this indicator because they were fully enrolled and had an attendance rate greater than the state and county.

**2.3. Is the school's Board active and competent in its oversight?**

<b>STANDARD</b>	<b>The school's board a) contributes a broad skill set and is reflective of the community; b) is knowledgeable about the school and able to make decisions in a timely fashion; c) has policies and by-laws that are consistently followed, regularly reviewed, and include clearly defined roles and responsibilities for members; d) consistently achieves quorum and adheres to Indiana's Open Door Law; e) records meeting minutes that are thorough, accurate and transparent; f) regularly conducts a formal evaluation of the school against established academic, financial and operational performance goals; and g) has a written plan for the succession of leadership.</b>
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**2011-12 Performance: Meets Standard**

The Challenge Foundation Academy Board was active and knowledgeable regarding its role. The board had an effective governance structure that is clearly defined in the by-laws. This clear structure enables the board to be consistent and competent in its stewardship and to remain knowledgeable about the school. The board was balanced in expertise, was representative of the community, and had exceptional consistency in membership; however representation of all members at meetings was not consistent.

The board has consistently reached a quorum. Board minutes show that the members were knowledgeable about the school's finances, curriculum, personnel issues, and school operations.

The Challenge Foundation Academy Board demonstrated thoughtful discussion and consideration of issues particularly around its intent to replicate its K-5 educational model. The board successfully managed a succession of leadership as the former school leader moved into a network growth role and the previous assistant school leader was promoted to principal. Additionally, the Dean of Culture has taken on more responsibilities around school operations following the departure of the school's business manager mid-year. The board members hold the school against academic, financial, and operational goals; however the formality of the process is unclear. The board does conduct an annual formal evaluation of the school leader. Accordingly, the school meets the Mayor's Office standard for this indicator for 2011-12.

<b>2.4. Is there a high level of parent satisfaction with the school?</b>	
<b>STANDARD</b>	<b>More than 80% but less than 90% of parents surveyed indicate that they are satisfied overall with the school.</b>

**2011-12 Performance: Exceeds Standard**

In the spring of each year, researchers administer anonymous surveys to parents of students enrolled at Mayor-sponsored charter schools. In 2011-12, 96% of Challenge Foundation Academy parents reported overall satisfaction with the school. According to the data, the school exceeds the Mayor's Office standard for performance for this indicator in the 2011-12 academic year.

<b>2.5. Is the school administration strong in its academic and organizational leadership?</b>	
<b>STANDARD</b>	<b>The school's administration a) has sufficient academic and organizational expertise; b) has been sufficiently stable over time; c) has clearly defined roles and responsibilities among administrators; d) actively engages in a process of continuous improvement and mid-course corrections; e) has established high expectations for all stakeholders – staff, students, and parents; f) has organized operations and secured necessary resources to effectively implement the mission of the school; g) ensures the school achieves strong academic and operational performance; and h) has developed a plan for succession for administrators and staff.</b>

**2011-12 Performance: Meets Standard**

The administration and leadership at Challenge Foundation Academy demonstrated exceptional academic and business expertise, had been relatively stable over time, and roles and responsibilities among leaders and between leaders administrators were clearly defined. The Principal, Assistant Principal, and Business Manager provided competent leadership at the school. The school leader, who has been at the school for the last four years, continued to provide focused leadership to staff in areas of curriculum alignment, data analysis, and implementing standards-based, data-driven instruction. At the mid-point of the year, the successfully implemented a succession plan: the school leader became the New School Development Director (in anticipation of CFA school replication), the Assistant Principal

became Principal, and the Business Manager resigned, but responsibilities of the position were delegated to the Dean of Culture and Principal.

The administration had clearly defined roles and responsibilities, the school will, however need to plan for the replacement or restructuring of leadership to fulfill the Business Manager's duties long term. Overall, school leadership was effective in creating, promoting, and meeting school goals. The administration provided competent leadership in academic, business, and operational elements at the school and successfully established high expectations for all stakeholders. The school's continuous improvement process led to a number of mid-course corrections, particularly around curriculum modifications and data analysis, which have significantly enhanced the school's performance. Therefore, the school meets the Mayor's Office standard in this indicator.

2.6. Is the school meeting its school-specific organizational and management performance goals?	
Meets standard	School has clearly met its school-specific organizational goal.

**Not Evaluated.** Challenge Foundation Academy did not have school-specific organizational and management performance goals to be evaluated for 2011-12.